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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Job Creation, Economic
Development and Consumer Affairs (SC-JCEDCA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 281

Relating to: creating an income and franchise tax credit for work provided by community rehabilitation programs and granting rule-making authority.

By Senators Stepp, Harsdorf, Roessler, Leibham, Erpenbach, A. Lasee and Hansen; cosponsored by Representatives Vos, Pettis, Davis, Freese, Krawczyk, Van Roy, Albers, Ott, Townsend, McCormick, Lehman, Gunderson, Vrakas, Sheridan, Musser, Parisi, Strachota and Loeffelholz, by request of Careers Industries in Racine and Diversified Services, Inc. in Siren.

August 10, 2005 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

October 20, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.

Absent: (0) None.

Appearances For

- Cathy Stepp, Sturtevant — Senator
- Robin Vos — Representative
- Mr. Mike Kirby, Madison — Rehabilitation for Wisconsin
- Mr. Jim Ryan, Racine — Careers Industries
- Ms. Debbie Ignatz, Kennesaw — NISH
- Mr. Tom Lutzon, Milwaukee — Milwaukee Center for Independence
- Ms. Lisa Mills, Milwaukee — People First Wisconsin
- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue

Appearances Against

- None.

Appearances for Information Only

- Ms. Jodi Hanna, Madison — Wisconsin Coalition for Advocacy

Registrations For

- Mr. Forbes McIntosh, Madison — Residential Services Association
- Mr. Richard Berling, Madison — Community Alliance of Providers of Wisconsin
- Sheila Harsdorf — Senator
- Mr. Joseph D'Losta, Madison — Department of Workforce Development
- Mr. Jeff Schoepke, Madison — WMC

- Mr. Jim Hoegemeier, Madison — ARC - Wisconsin
- Mr. John Huebscher, Madison — Wisconsin Catholic Conference
- Mr. Mike Furgal, Monroe — Human Services Board

Registrations Against

- None.

November 29, 2005 **EXECUTIVE SESSION HELD**

Present: (5) Senators Kanavas, Zien, Reynolds, Lassa and Decker.
Absent: (0) None.

Moved by Senator Kanavas that **Senate Amendment 1** be recommended for adoption.

Ayes: (4) Senators Kanavas, Zien, Reynolds and Lassa.
Noes: (1) Senator Decker.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED, Ayes 4, Noes 1

Moved by Senator Kanavas that **Senate Amendment 2** be recommended for adoption.

Ayes: (4) Senators Kanavas, Zien, Reynolds and Lassa.
Noes: (1) Senator Decker.

ADOPTION OF SENATE AMENDMENT 2 RECOMMENDED, Ayes 4, Noes 1

Moved by Senator Kanavas that **Senate Bill 281** be recommended for passage as amended.

Ayes: (3) Senators Kanavas, Zien and Lassa.
Noes: (2) Senators Reynolds and Decker.

PASSAGE AS AMENDED RECOMMENDED, Ayes 3, Noes 2

Mike Richards
Committee Clerk

~~**Record of Committee Proceedings**~~

~~**Joint committee on Finance**~~

SENATE BILL 281 (LRB -0009)

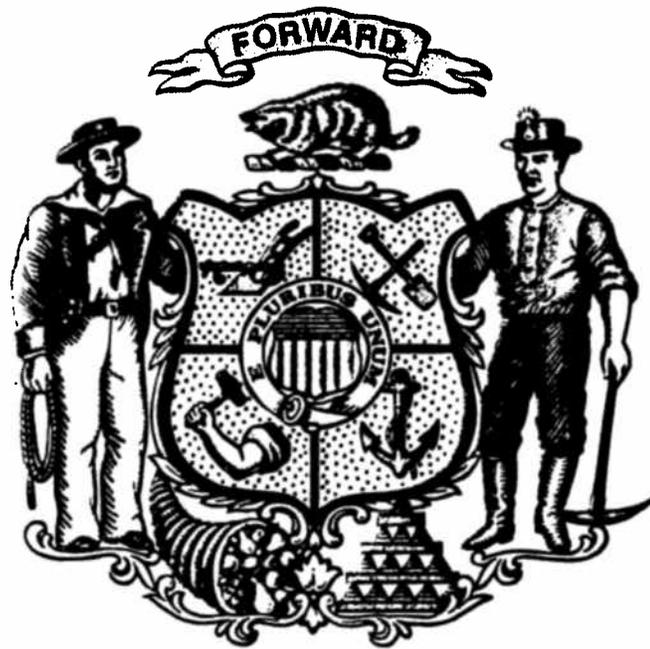
An Act to amend 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (3w), 71.10 (4) (gbn), 71.28 (3w), 71.30 (3) (bn), 71.47 (3w) and 71.49 (1) (bn) of the statutes; relating to: creating an income and franchise tax credit for work provided by community rehabilitation programs and granting rule-making authority. (FE)

2005

08-10.	S.	Introduced by Senators Stepp, Harsdorf, Roessler, Leibham, Erpenbach, A. Lasee and Hansen ; cosponsored by Representatives Vos, Pettis, Davis, Freese, Krawczyk, Van Roy, Albers, Ott, Townsend, McCormick, Lehman, Gunderson, Vrakas, Sheridan, Musser, Parisi, Strachota and Loeffelholz , by request of Careers Industries in Racine and Diversified Services, Inc. in Siren.	
08-10.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	319
09-06.	S.	Fiscal estimate received.	
10-20.	S.	Public hearing held.	
11-28.	S.	Senate amendment 1 offered by Senator Stepp (LRB a1545)	465
11-28.	S.	Senate amendment 2 offered by Senator Stepp (LRB a1544)	465
11-29.	S.	Executive action taken.	
11-29.	S.	Executive action taken.	
11-29.	S.	Report adoption of Senate Amendment 1 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 1	466
11-29.	S.	Report adoption of Senate Amendment 2 recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 4, Noes 1	466
11-29.	S.	Report passage as amended recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 3, Noes 2	466
11-29.	S.	Available for scheduling.	
12-05.	S.	Referred to joint committee on Finance by committee on Senate Organization pursuant to Senate Rule 41 (1)(e), Ayes 5, Noes 0	474

2006

05-11.	S.	Failed to pass pursuant to Senate Joint Resolution 1	853
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industries inc.

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**Testimony to the Committee on Job Creation, Economic Development
and Consumer Affairs**

Senator Theodore Kanavas, Chairperson
Wisconsin Senate
Capitol, Room 300 Southeast

Given by Jim Ryan, Fulfillment Services Director
Careers Industries, Inc., Racine and Burlington

October 20, 2005, 1:30PM

Good afternoon, Mr. Chairperson. I would like to express my appreciation for your willingness to give Senate Bill 281 a Public Hearing. And I welcome this opportunity to present to the members of the Committee on Job Creation, Economic Development and Consumer Affairs.

I would also like to take a moment to commend the leadership of Senator Cathy Stepp in authoring this legislation and garnering the co-sponsorship of so many Senators in a widely bipartisan show of support for our employees with disabilities in work centers all across Wisconsin.

My purpose this afternoon is simply to present to the Committee members the facts that underlie the importance of this bill for persons with disabilities across Wisconsin. These facts come from the experience of one employer, Careers Industries, and our challenge to keep 150 participant-employees on the job every day all year long.

First, though, let me give you a brief background on the circumstances that bring us here, circumstances as they effect the very valuable customer relationships in our Sales operation. On any given year Careers Industries, through our Fulfillment Services Department, has 12-20 business customers with whom we engage in labor and other value-added services. At Careers our largest customer is In-Sink-Erator, a company that consistently proves itself to be a responsible community partner while being successful in their day-to-day business operations. ISE represents 75-80% of our business. We are no different, in that sense, than many other work centers across Wisconsin who have one or two significantly large customer and many smaller local customers.

Our relationship with our business customers over the past three years has meant that we have been able to keep our 150 participant-employees on the job at a rate of 99% of the time. This full-employment level is a testament to the

commitment our customers have made to purchase our services – which include, assembly, packaging, inventory and quality control, shipping and fulfillment in a lean manufacturing environment.

Our Sales budget for 2006 will be 25% above the base year of 2000.

At the same time our Rehabilitation funding has been static. In 2006 Careers Industries will enter our 6th straight year of no increase in fees for service. This means we have flattened out and are certainly on a downward path in social supports for the important services we provide in maintaining the employment of persons with disabilities who choose to work at our locations.

As a nonprofit organization we have little to offer as incentive to either create or retain business relationships. Our customers who have been with us for many years are fully aware that we do quality, on-time, and competitive work for them.

A Tax Credit that creates an incentive for both business creation and retention will be very helpful to us at Careers. Senate Bill 281 is, in my opinion, the correct method for establishing just such an incentive.

Others this afternoon can speak much better than I on the positive cost-benefits to State revenues and expenses which this legislation represents.

What I have to say is supported by the following two pages.

The first page is a graph that shows the percentages of growth which we have experienced at Careers in Sales and Rehabilitation funding using 2000 as the base year. You can see that the past three years show a flattening of the Rehabilitation dollars and a strong growth pattern in business Sales.

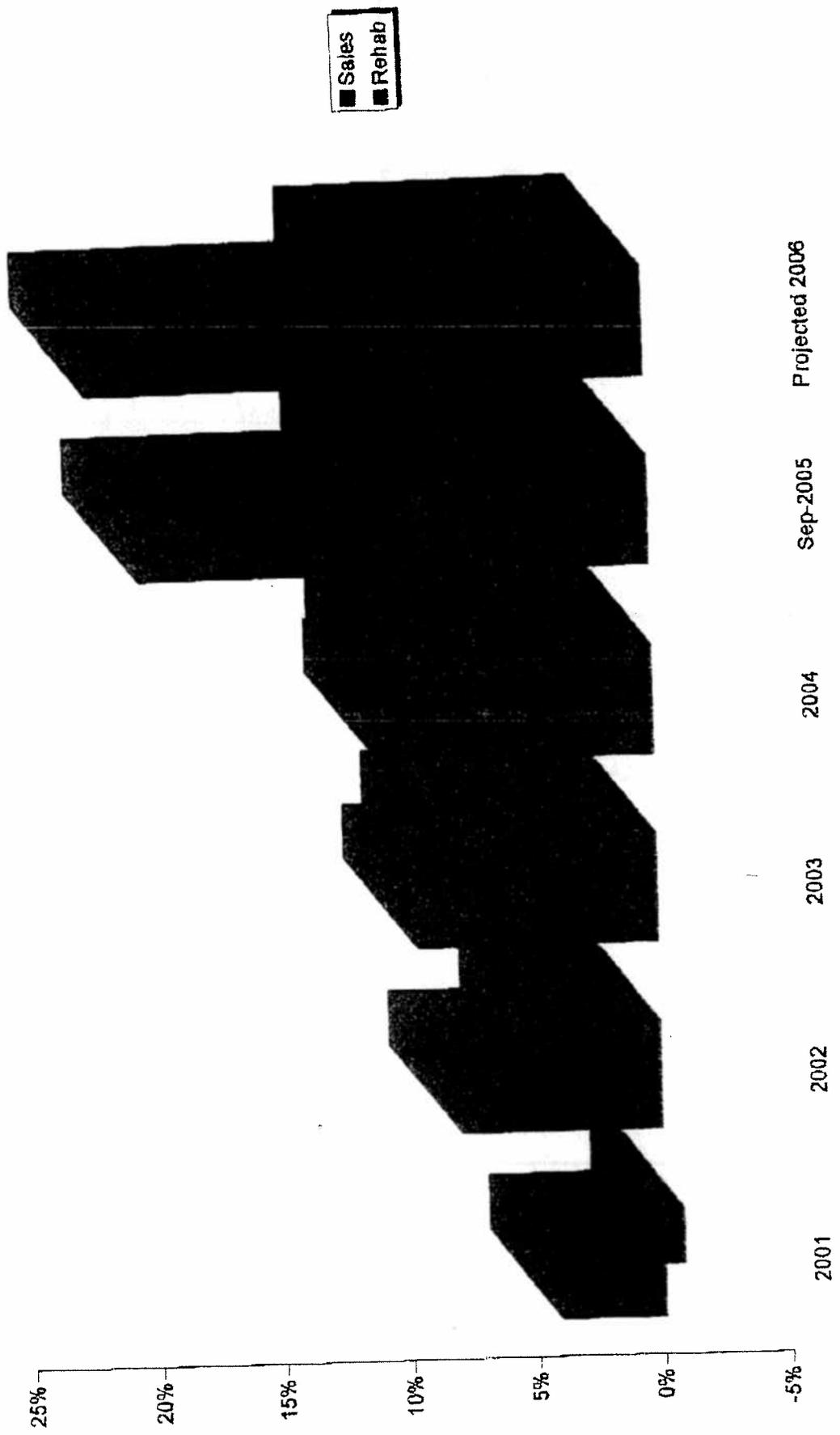
We have created solid, supportive, and quality value-added services for business in our communities. A tax credit, such as the one proposed in Assembly Bill 622, will not only create a positive public policy in a shrinking public dollar environment, but also further the growth and development of our business partnerships in our local communities.

The second page shows the amount that our Racine County businesses would be eligible for just by doing business with Careers Industries in 2004 and 2005. A minimum of 12 businesses would benefit by our partnership. And that customer base in 2006 will expand to a total of 20 businesses.

The future that includes this Tax Credit will allow Careers Industries to create new Sales with local businesses beyond those 20 and support partnerships that assure new economic activities in business retention and creation.

Thank you, and I would be happy to respond to any questions.

CAREERS INDUSTRIES, INC. GROWTH: SALES & REHAB



**industries inc.**

3502 Douglas Avenue Racine, WI 53402-1223

Tel: (262) 752-4106
Fax: (262) 752-4106**Tax Credit Impacts****Applied to Racine County Companies
Doing business with Careers Industries, Inc.****5% Tax Credit on Total 2004 Sales= \$28,500****Based upon 2004 Total Business Sales of \$702,472****5% Tax Credit applied to new sales in 2004= \$1575****5% Tax Credit applied to anticipated 2005 Sales= \$31,500****Number of Racine County Businesses credited= 12**

At Careers our largest business partner is In-Sink-Erator. ISE would receive the maximum credit of \$25,000 since we have annual sales with that company in excess of \$500,000.

12 Racine County businesses would benefit from this credit as a result of their relationship with Careers Industries. In 2005 we have added three new customers to that list.

SB 281
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WISCONSIN COALITION FOR ADVOCACY

THE PROTECTION AND ADVOCACY SYSTEM FOR PEOPLE WITH DISABILITIES

Testimony from the Wisconsin Coalition for Advocacy on SB 281

Jodi Hanna, Supervising Attorney

Testimony before the Committee on Job Creation, Economic Development and Consumer Affairs
October 20, 2005

The Wisconsin Coalition for Advocacy (WCA) is Wisconsin's protection and advocacy agency designated under state and federal law to provide advocacy for and with people with disabilities (See 42 U.S.C. §10801, et seq.; 42 U.S.C. §15041, et seq.; Wis. Stat. §51.62; Governor Earl Executive Order #19 of 1983). WCA is completely independent of state government and direct service providers. Among our goals is to promote the right of people with disabilities to work in the least restrictive environment and to promote a community service system which supports choice by providing for adequate and flexible funding of a full range of community services and removes incentives for institutional care.

WCA has several concerns about SB281 as it is currently written. Community Rehabilitation Programs, which provide facility-based, typically segregated work for people with disabilities, are often referred to as sheltered workshops. Many experts, advocates and people with disabilities view this as an outdated employment model that goes against trends. Current employment service models determine the individual employment goals and skills of a person with disabilities and place that person in competitive employment in the community. The employee works in an integrated setting directly for an employer and receives necessary supports, such as reasonable accommodations or a job coach.

At the Alliance for Full Participation Summit in Washington, D.C. in September, 2,400 people with developmental disabilities, family members, advocates, and state and federal officials gathered to plan the future of developmental disabilities services in the U.S. 78% of the participants voted to call for closing all sheltered workshops in the country. We are not calling for the closing of all sheltered workshops in Wisconsin, but we do believe that every county should offer people with disabilities a choice between sheltered workshops and individualized employment supports in the community. We also believe that there should be a "level playing field" in terms of public policy and tax incentives for either program model.

People with disabilities face high unemployment. According to the Department of Labor, up to 37% of people with disabilities who want to work are unemployed. As currently drafted, SB 281 and companion bill AB 622 provide no incentive for community employers to hire and retain employees with disabilities.

The Wisconsin Coalition for Advocacy (WCA), along with partners People First Wisconsin and ADAPT would like to see an expansion of this bill to include a similar continuing state tax credit for employers based upon personnel costs of employees with disabilities. In this way, the credit would be available to employers who directly employ people with disabilities in the community.

WCA, People First Wisconsin and ADAPT are continuing to meet with sponsors about a possible amendment to incorporate our concerns. Also, we have spoken with the Department of Vocational Rehabilitation (DVR), and our understanding is that DVR would support this amendment. The Wisconsin Association of Persons in Supported Employment (APSE) also supports the amendment.

Currently, although there is no state tax credit for employers hiring people with disabilities, there is a federal tax credit, the Work Opportunities Tax Credit. Employers who hire Supplemental Social Security (SSI) recipients or people with disabilities referred by the Division of Vocational Rehabilitation (DVR) may take a tax credit of up to 40% of the first \$6,000 of wages paid during the first twelve months for a new hire of a worker with a disability. The credit is only available the first year of employment and the employee must work 180 days or 400 hours for the employer to take the credit. Employers only benefit in the first year, and many employers may not be eligible for the credit because their employees with disabilities do not work enough hours or days in the first year of employment.

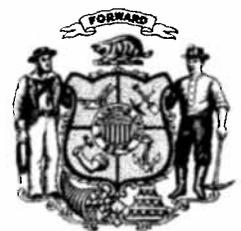
If Wisconsin intends to encourage businesses to contract with community rehabilitation programs through an on-going tax credit, it should provide incentives to businesses to directly hire and retain employees with disabilities with a similar on-going tax credit. Thank you for the opportunity to give testimony.

For more information, contact Lynn Breedlove, Executive Director, Wisconsin Coalition for Advocacy (608) 267-0214.

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maker's testimony
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WISCONSIN STATE LEGISLATURE



Ron Opicka
N8598 Spruce Road, Casco Wisconsin 54205

October 20, 2005

Testimony for SB 281 Tax Credit for Businesses who work with Community Rehabilitation Facilities

This piece of legislation possesses the synergy that Steven Covey talked about in his book, "The Seven Basic Habits of Highly Effective People". It is the perfect blend of social responsibility and incentive for private business. The fact that this legislation will provide long term support for people with disabilities through enhancing work opportunities for them and helping to build a synergistic partnership with small businesses helps make this legislation both timely and perfect. The blend of a small tax break for the business and the indirect enhancement for building the partnerships with community rehabilitation programs is long overdue.

In an environment where outright support for people with disabilities has become extremely hard to find, this legislation provides help for those who help themselves. It follows the precepts of the old E. F. Hutton advertisement that says "We make money the old fashioned way, we earn it". That is exactly what this legislation does. It allows the community rehabilitation program and the individual people that work there, earn more money because the legislation will produce more work opportunities for the largest unemployed sector of people in America. That is people with disabilities who want very much to "earn it" and contribute to themselves and their community.

In a day when the costs of providing services to people with disabilities is rising exponentially due to rising gasoline prices, natural gas prices, health insurance costs, and other costs, are imbalanced by the lack of direct federal, state, and county support, we believe this legislation provides the seed money for a program that will provide solid growth and pay dividends to both the local community rehabilitation program and the small business. The fostering and enhancing of the partnership between the private businesses and the community rehabilitation programs will develop long lasting and growing relationships that will enhance the local economies of the local community.

Ron Opicka
N8598 Spruce Road, Casco Wisconsin 54205

October 20, 2005

What a perfect and sensible piece of legislation. It makes common sense and holds the common values of both political parties and should get huge bi-partician support. Please support this legislation and help provide and enhance work opportunities for people with disabilities and support the small business community and the local economy at the same time.

Ron Opicka
N8598 Spruce Road
Casco, Wisconsin 54205



Testimony of Debbie Ignatz

In Support of Senate Bill 281

October 20, 2005

Mr. Chairman, members of the Committee, thank you for the opportunity to address the Committee this morning in support of Wisconsin Senate Bill 281.

My name is Debbie Ignatz. I am the Manager of State Relations for NISH, formerly known as National Industries for the Severely Handicapped. NISH is one of two central nonprofit agencies that administer the federal Javits-Wagner-O'Day Act. This act, originally passed in 1938 and amended in 1971, established an employment and training program designed to provide job opportunities for people who are blind or severely disabled. These jobs involve the sale of goods and services to the federal government. Last year, the Javits-Wagner-O'Day Act was responsible for the employment of more than 45,000 Americans with disabilities who worked more than 40 million hours and earned \$366 million in wages.

Senate Bill 281 will create jobs for people with disabilities in Wisconsin. Nationwide, almost 70% of the population with disabilities remains unemployed. This staggering percent equates to roughly 20 million Americans. The 2000 Census indicates that, here in the state of Wisconsin, more than 172,000 individuals between the ages of 21 and 64 self-reported themselves as disabled and unemployed. There remains much to be done to harness this historically untapped labor pool, and Senate Bill 281 is a positive step in this direction.

Late in 2002 NISH commissioned a study to evaluate how employment in the federal program affects workers' use of government entitlements. Three lines of business

were selected for the study: commissaries, which include custodial, warehousing and shelf-stocking activities; custodial services performed in facilities operated by the Public Buildings Service; and food service projects. These studies were conducted by Mathew-Greenwald and Associates, a Washington, DC-based research firm.

The study was designed to assess the government entitlements received by workers at two points in time – at the time the study was conducted and in the month just prior to employment in one of these business lines. The specific questions focused on whether workers received unemployment benefits, Medicare, Medicaid, Supplemental Security Income (SSI), Social Security Disability Income (SSDI), welfare income, food stamps, and housing benefits. The study also assessed employment status, working hours, and salary at the same two points in time to estimate payments to the government in the form of federal and state income tax and the payroll taxes paid by both worker and employer for Social Security and Medicare.

The results were astonishing. I will focus my comments on the food service business line, but first let me take a moment here to tell you the results of the other two business lines studied. For the commissary business line, the annual savings to the government per worker was \$3,138. An even greater number, \$6,084, was realized for those individuals working on custodial contracts.

What exactly are these savings, and what do they mean? I will now discuss the findings of the food service business line to explain the findings of these economic benefit results. But, the bottom line is that the employment of persons with disabilities significantly reduces workers' use of government entitlements while increasing their

contributions to the tax base. It's simply smart business to employ people with disabilities.

The study focusing on food service workers employed through the Javits-Wagner-O'Day Act yielded a per worker savings of \$3,053. 415 individuals participated in the study, which has a margin of error of plus or minus six percent. The results were then projected to reflect all 2,809 persons with disabilities working on food service contracts at that time.

The results? A positive net impact on government balance sheets of \$8.6 million dollars annually. Of this \$8.6 million dollars, \$3.7 million dollars in savings was realized through the reduction of entitlements paid to these individuals, who at the same time increased their payments to the government through income and payroll taxes by \$4.9 million dollars.

Some of the significant findings were:

96% of the workers reduced or discontinued food stamps;

78% reduced or discontinued SSI;

68% reduced or eliminated public housing benefits;

57% reduced or discontinued SSDI;

37% discontinued Medicaid; and

20% reduced or discontinued their Medicare benefit.

And the news gets even better, as the study found that the longer a person with disabilities is employed correlates to a further reduction or discontinuation of public entitlements. For example, for workers employed one year or less the elimination of

public housing benefits was 42%; those individuals working longer than one year reported a 70% elimination of this entitlement. This trend held true for all entitlement categories.

Just as important as the economic successes of employing people with disabilities is the human side of the equation. Prior to their work in the Javits-Wagner-O'Day Program, 6 out of 10 respondents were unemployed. Their employment as a result of a program that really works meant they earned an average hourly income of \$8.21 and worked an average of 31 hours a week. Before their participation in the program, 21% had no health insurance other than Medicare or Medicaid. After employment, 76% had private health insurance. The meaning of these statistics reaches far beyond the statistics. The worth of productivity, heightened self-esteem and independence cannot be measured in dollars.

The results of the NISH Economic Benefits Studies, published in March 2003, have held up well. Just last year the State Use Programs Association, in partnership with NISH, conducted the same study to examine the economic benefit of employing individuals with disabilities on State Use contracts. For those of you unfamiliar with State Use Programs, the concept is a familiar one. State Use Programs are modeled after the federal Javits-Wagner-O'Day Act. Instead of selling the products and services to federal government customers, State Use Programs sell to state, local and county governments as well as to state university systems.

Eleven State Use Programs across the country, including Wisconsin, participated in the study and, again the numbers are impressive, showing a per worker savings to the government of \$2,200.

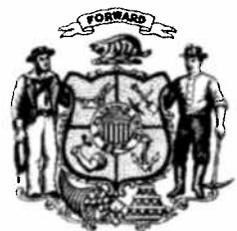
These studies have put into numbers what many already knew in their hearts and minds: that the employment of people with disabilities makes not only good social sense but great economic sense as well.

I urge you to support Wisconsin Senate Bill 281 to create a franchise tax credit for companies that subcontract with Community Rehabilitation Programs whose mission includes providing employment opportunities to people who are blind or severely disabled. This bill is sound, pro-active public policy that will employ people with disabilities all across the state of Wisconsin.

Thank you.



WISCONSIN STATE LEGISLATURE





State of Wisconsin • DEPARTMENT OF REVENUE

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Jim Doyle
Governor

Michael L. Morgan
Secretary of Revenue

Senate Job Creation Committee Hearing, October 20, 2005

SB 281 - Income and Franchise Tax Credit for Work Provided by Community Rehabilitation Programs (Sen. Stepp)

Description of Current Law and Proposed Change

The bill would create a nonrefundable income and franchise tax credit for 5% of the cost of work provided by a community rehabilitation program to a business. A taxpayer could claim up to \$25,000 of credit per year for each community rehabilitation program for which the taxpayer enters a contract for the program to provide workers for the taxpayer's business.

The bill defines a community rehabilitation program as a nonprofit entity, county, municipality or federal agency that directly provides or facilitates vocational rehabilitation services to individuals with disabilities to maximize their employment opportunities. Vocational rehabilitation services include education, training, employment, counseling, therapy, placement and case management. Work includes production, packaging, assembly, food service, custodial service, clerical service and other commercial activities that improve employment opportunities for individuals with disabilities.

Impact on Economic Development

- The bill would encourage the hiring of people with developmental disabilities, providing them with work experience and training, and potentially improving their quality of life and lessening their dependence on other support systems.
- Increasing work opportunities for people with disabilities could lead to increased employment productivity from a segment of society with high unemployment. According to Rehabilitation for Wisconsin, Inc., a statewide association for rehabilitation programs, the unemployment rate among people with disabilities is 60%.

Administrative Impact/Fiscal Effect

- The amount of expenditures that would be eligible for the credit is not known. However, based on 2004 survey information from Rehabilitation for Wisconsin, Inc., it is estimated that \$57 million of total expenditures would be eligible for credit. As a result, the estimated fiscal effect would be \$2.9 million annually.
- The bill states that the maximum amount that any claimant may claim in a taxable year for each community rehabilitation program for which the claimant enters into a contract is \$25,000. It is unclear whether the \$25,000 refers to the amount of credit or the amount of

payments. To clarify, 71.07 (3w)(c)1, 71.28 (3w)(c)1 and 71.47 (3w)(c)1 could be amended to state, "The maximum amount of credit that any claimant may claim ..."

DOR Position

- Support

Prepared by: Pam Walgren, (608) 266-7817

October 19, 2005

PW:skr

L:\session 05-07\hearings\pw\sb281.doc





WISCONSIN CATHOLIC CONFERENCE

TO: Members Senate Committee on Job Creation, Economic Development and Consumer
Affairs

FROM: John Huebscher

DATE: October 20, 2005

RE: Support for SB 281 and AB 622 - Tax Credit for Community Rehabilitation Programs

The Wisconsin Catholic Conference urges you to support SB 281 its companion, AB 622.

The Conference generally supports programs and policies that foster full participation by persons in the life of the community. Community rehabilitation programs that provide meaningful work to person with disabilities or other barriers to employment are a good example of this approach.

Catholic Charities programs operate such programs in Eagle River, Medford, Siren, Superior and other places. Much of the work provided at these programs is the result of contracts provided by other small employers in the community. This tax credit will encourage firms to enter into such agreements or continue agreements that already exist.

In many small or rural cities, these community-based enterprises are often the only employment option available to persons with disabilities. A tax credit can be especially important in these instances.

Your support for this legislation will be appreciated.





Wisconsin Legislature

P.O. Box 8952, Madison, WI 53708

Senate Bill 281 ~ CRP Tax Credit

Senate Committee on Job Creation, Economic Development & Consumer Affairs

Senator Cathy Stepp and Representative Robin Vos

October 20, 2005

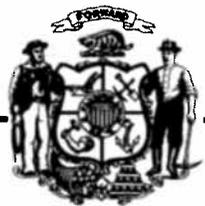
Thank you Chairman Kanavas and members of the Committee on Job Creation, Economic Development & Consumer Affairs for giving us the opportunity to speak in support of Senate Bill 281, which provides a tax credit to businesses that contract work to Community Rehabilitation Programs (CRPs). CRPs are nonprofit organizations that provide employment opportunities for individuals with disabilities. Constituents at Careers Industries in Racine brought this bill idea to our attention.

There are approximately 80 CRPs in the state, most of which offer assembly, packaging, fulfillment, mailing and janitorial services. These operations provide real work for people with disabilities, allow people with disabilities to build work experience, and provide the supports necessary for people to succeed in the workplace. Employment is vital to independence, empowerment, and quality of life for people with disabilities. Representatives of Wisconsin's CRPs will also be testifying later on the merits of this bill.

SB 281 would provide a state income tax credit equal to 5% of the amount a business pays in a tax year to a CRP to perform work. The maximum amount that a business could receive in a taxable year would be \$25,000 for each CRP with which it contracts.

SB 281 gives Wisconsin businesses an additional incentive to utilize the services of CRPs, thereby creating more employment opportunities for individuals with disabilities. As you can see from the fiscal estimate prepared by the Department of Revenue, the estimated fiscal effect of SB 281 would be \$2.9 million annually. However, a cost benefit analysis of this program done by National Industries for the Severely Handicapped shows that it greatly reduces a worker's use of government entitlements, such as Medicaid, while increasing income and payroll taxes. These savings would obviously offset the \$2.9 million dollar fiscal effect.

Thank you again, Mr. Chairman and members, for hearing SB 281. We urge members of the committee to support this bipartisan bill.



Wisconsin Legislature

80 is
Wisconsin

P.O. Box 8952, Madison, WI 53708

Senate Bill 281 ~ CRP Tax Credit

Senate Committee on Job Creation, Economic Development & Consumer Affairs

Senator Cathy Stepp and Representative Robin Vos

October 20, 2005

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SB 281 would provide a state income tax credit equal to 5% of the amount a business pays in a tax year to a CRP to perform work. The maximum amount that a business could receive in a taxable year would be \$25,000 for each CRP with which it contracts.

SB 281 gives Wisconsin businesses an additional incentive to utilize the services of CRPs, thereby creating more employment opportunities for individuals with disabilities. As you can see from the fiscal estimate prepared by the Department of Revenue, the estimated fiscal effect of SB 281 would be \$2.9 million annually. However, a cost benefit analysis of this program done by National Industries for the Severely Handicapped shows that it greatly reduces a worker's use of government entitlements, such as Medicaid, while increasing income and payroll taxes. These savings would obviously offset the \$2.9 million dollar fiscal effect.

Thank you again, Mr. Chairman and members, for hearing SB 281. We urge members of the committee to support this bipartisan bill.

CRP's - non-proft. ✓ Rehab. Center of Sheboygan x Rice R.